

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE: MARY BRENN A RYLEE, Debtor.	§ § § § §	CASE NO. 21-10436-tmd CHAPTER 11 (SUBCHAPTER V)
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DEBTOR'S STATUS REPORT PURSUANT TO 11 U.S.C. § 1188(c)

TO THE HONORABLE TONY M. DAVIS,
UNITED STATES BANKRUPTCY JUDGE:

Mary Brenna Rylee (the "Debtor"), hereby files this Status Report Pursuant to 11 U.S.C. § 1188(c) and respectfully states as follows:

1. The Debtor filed her Voluntary Petition (the "Petition") under Subchapter V of Chapter 11 of the United States Bankruptcy Code on May 31, 2021. *See* Dkt. No. 1.
2. Since the filing of the Petition, the Debtor has completed the Initial Debtor Interview and provided the requested documents to the U.S. Trustee, attended the 341 meeting, and timely filed her Schedules and Statement of Financial Affairs. *See* Dkt. Nos. 22, 23, 37, & 41.
3. The Debtor has sought and obtained Orders approving the employment of her bankruptcy counsel, Husch Blackwell LLP, and her family law counsel, the Haygood Law Firm. *See* Dkt. Nos. 51 & 58.
4. The Debtor is currently in divorce proceedings (the "Divorce Proceeding") with her non-filing spouse, Michael G. Rylee (the "Spouse" and together with the Debtor, the "Parties"), which has been pending in Travis County, Texas since April 29, 2020. *See In the Matter of the Marriage of Mary Brenna Rylee and Michael Gene Rylee*, Case No. D-1-FM-20-002371 in the 353rd Judicial District Court of Travis County, Texas (the "Family Court").

5. On July 7, 2021, the Debtor filed an Expedited Agreed Motion Between Debtor and the Debtor's Non-Filing Spouse for Order Modifying the Automatic Stay to Establish Procedures for Division of Community Property (Dkt. No. 48) to approve the retention of an independent expert financial advisor (the "Financial Advisor") to be selected by the Subchapter V Trustee in this case (the "Trustee") for the purpose of (i) evaluating and investigating certain alleged unauthorized transactions identified by each of the Parties and (ii) valuing and assisting in the division of the Parties' community property (the "Protocol"). The Protocol was approved by the Court on July 9, 2021. *See* Dkt. No. 48. Pursuant to the Protocol, the Trustee will select the Financial Advisor on or before July 16, 2021, and the Parties will turn over requested records to the Financial Advisor within five business days of the Trustee selecting the Financial Advisor. The Trustee will prepare a report that will be completed no later than August 13, 2021, after which the Parties will attend mediation in an attempt to resolve the division of their community property. The Debtor is optimistic that the Protocol will result in a settlement with her Spouse that will allow her to propose and confirm a consensual Chapter 11 Plan.

6. The Debtor is also in communication with her largest creditor, American Momentum Bank ("AMB"), which is owed approximately \$3.7 million for loans issued to the Parties' businesses, FLX Energy Services, LLC and Flex 24 Fitness, LLC (collectively, the "Rylee Businesses"), which were guaranteed by the Debtor and her Spouse. The Debtor will work with AMB throughout and after completion of the Protocol in an effort to reinstate the commercial loans so they are on good terms and/or cured through the Debtor's Chapter 11 Plan. During the Protocol, the Debtor will also be formulating the cash flow projections for the Rylee Businesses that are necessary to fund a plan of reorganization in this case. These activities are ongoing and should be finalized after the Financial Advisor's report is completed.

7. An Order has also been entered to allow the Family Court to move forward with child custody and school issues for the Parties' minor children. *See* Dkt. No. 47.

8. To date, three claims have been filed in this case totaling \$121,421.82.

9. To date, the Debtor has not reached any consensual resolution or a plan in this case but will continue to work through the Protocol and attempt to confirm a consensual Chapter 11 Plan in this case. The Debtor will continue to work with the Trustee in connection with her efforts to develop a consensual plan of reorganization.

10. The deadline to file the Debtor's Chapter 11 Plan is August 30, 2021. The Debtor expects to file her Chapter 11 Plan on or before that date.

Dated: July 12, 2021.

Respectfully submitted,

HUSCH BLACKWELL LLP

By: /s/ Jameson J. Watts

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COUNSEL FOR DEBTOR

MARY BRENN RYLEE

CERTIFICATE OF SERVICE

I certify that on July 12, 2021, a copy of this document was served upon the parties and by the means indicated below.

/s/ Jameson J. Watts

Jameson J. Watts

Notice will be served via ECF to:

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